

5101:3-26-09

**Managed health care programs: Reimbursement and financial responsibility.**

## (A) Reimbursement.

- (1) MCPs and ECMPs will receive a monthly premium payment for each member. If the services to be provided or arranged by MCPs include maternity coverage, a separate payment will be made for each reimbursable delivery. These payments will be in effect for the duration of the agreement unless restricted in accordance with rule 5101:3-26-10 of the Administrative Code.
- (2) The premium rates are computed on an actuarially sound basis. This rate does not include any amount for risks assumed under any other existing or any previous agreement or contract. The premium rate will be reviewed at least ~~bi-annually~~ at least once every two years and may be modified based on existing actuarial factors and experience.
- (3) Under full-risk arrangements the amounts paid in accordance with paragraph (A)(1) of this rule represent the total obligation of ODJFS to the MCP for the costs of medical care and services provided. Any savings remaining after costs have been deducted from the premium will be wholly retained by the MCP, except as provided in paragraph (A)(5) of this rule.
- (4) Under partial-risk arrangements, the MCP and ODJFS will partially share the risk for the cost of medical care and services provided. Any savings which accrue will also be shared.
- (5) ODJFS may establish financial incentive programs based on ~~MCP~~ performance for MCPs and ECMPs.

## (B) Fiscal responsibility requirements.

- (1) Each MCP and each ECMP must maintain a fiscally-sound operation and meet ODJFS performance standards.
- (2) Each MCP must make provisions against the risk of insolvency. ~~Neither members nor ODJFS shall be liable for any MCP debts, including those that remain in the event of MCP insolvency or the insolvency of any subcontractors.~~
- (3) Neither members nor ODJFS shall be liable for any MCP or ECMP debts, including those that remain in the event of MCP or ECMP insolvency or the insolvency of any subcontractors.

~~(3)~~(4) Each MCP must pay providers in accordance with 42 CFR 447.46.

(4)~~(5)~~ The following requirements apply to MCPs licensed as a HIC by ODI:

- (a) A copy of the MCP's current license or certificate of authority must be submitted to ODJFS annually, no later than thirty days after issuance;
- (b) Copies of all annual and quarterly financial statements and any revision to such copies must be submitted to ODJFS. For purposes of this rule, "Annual financial statement" is the annual "National Association of Insurance Commissioners" (NAIC) statutory filing of financial condition as adopted and required by the Ohio department of insurance (ODI).
- (c) Each MCP must submit to ODJFS a copy of its audited financial statement as compiled by an independent auditor and including the statement of reconciliation with statutory accounting principles as required by ODI. The statement must be submitted annually to ODJFS.

(6) The following requirements apply to ECMPs:

- (a) Copies of all annual and quarterly financial statements and any revision to such copies must be submitted to ODJFS. Financial statements should be compiled in accordance with generally accepted accounting principles (GAAP);
- (b) Each ECMP must submit to ODJFS a copy of its audited financial statement as audited by an independent auditor in accordance with GAAP. The statement must be submitted annually to ODJFS.

(7) The following items must be submitted by each MCP and ECMP as so indicated:

- (a) Each MCP must submit cost reports on ODJFS forms annually, no later than ninety days after the close of the calendar year or as otherwise specified by ODJFS. The annual cost report must be audited by an independent licensed auditor and include a statement of reconciliation with statutory accounting principles. The annual cost report must also include a description of the methodology used to calculate incurred but not reported (IBNR) claims and an annual certification signed by an independent accredited actuary or licensed auditor that the methodology is valid. Such certification must be signed within the preceding twelve months and must be accompanied by a signed statement from the MCP

that the methodology has not materially changed since the date the certification was signed by the independent actuary or auditor;

(b) Each ECMP must submit cost reports on ODJFS forms annually, no later than ninety days after the close of the calendar year or as otherwise specified by ODJFS. The annual cost report must be audited by an independent licensed auditor in accordance with GAAP;

(c) Financial disclosure statements to be submitted in conjunction with cost report submissions as specified in paragraph (B)(5)(b) of this rule for MCPs and paragraph (B)(6)(a) of this rule for ECMPs. The MCP and the ECMP must also submit copies of annual financial statements for those entities who have an ownership interest totaling five percent or more in the MCP or ECMP, or an indirect interest of five percent or more or a combination of direct and indirect interest equal to five percent or more in the MCP or ECMP; and

(d) MCP physician incentive plan disclosure statements and other information as required by 42 CFR 417.

~~(5) Each MCP must submit the following to ODJFS:~~

~~(a) Cost reports on ODJFS forms annually, no later than ninety days after the close of the calendar year or as otherwise specified by ODJFS. The annual cost report must be compiled by an independent licensed auditor and include a statement of reconciliation with statutory accounting principles. The annual cost report must also include a description of the methodology used to calculate incurred but not reported (IBNR) claims and an annual certification signed by an independent accredited actuary or licensed auditor that the methodology is valid. Such certification must be signed within the preceding twelve months and must be accompanied by a signed statement from the MCP that the methodology has not materially changed since the date the certification was signed by the independent actuary or auditor;~~

~~(b) Financial disclosure statements to be submitted in conjunction with cost report submissions as specified in paragraph (B)(4)(b) of this rule. The MCP must also submit copies of annual financial statements for those entities who have an ownership interest totaling five percent or more in the MCP or an indirect interest of five percent or more, or a combination of direct and indirect interest equal to five percent or more in the MCP; and~~

~~(c) Physician incentive plan disclosure statements and other information as required by 42 CFR 417.~~

(C) Reinsurance requirements.

- (1) All MCPs must carry reinsurance coverage from a licensed commercial carrier to protect against catastrophic inpatient-related medical expenses incurred by medicaid members.
- (2) To the extent that the risk for such expenses is transferred to a subcontractor the MCP must provide proof of reinsurance coverage for that subcontractor in accordance with the provisions of this paragraph.
- (3) A copy of the fully-executed reinsurance agreement to provide the specified coverage must be submitted to ODJFS prior to the effective date of the provider agreement. No provider agreement will be signed in the absence of such documentation.
- (4) The annual deductible must be specified in the reinsurance agreement and must not exceed the amount specified by ODJFS.
- (5) The reinsurance coverage must remain in force during the term of the provider agreement with ODJFS and must contain adequate provisions for contract extensions.
- (6) Each MCP shall provide written notification to ODJFS, specifying ~~he~~ the dates of admission, diagnoses, and estimates of the total claims incurred for all medicaid ~~enrollees~~ members for which reinsurance claims have been submitted. The MCP must provide such notification to ODJFS as part of the ODJFS "Medicaid Managed Care Plan Cost Report."
- (7) The MCP must give ODJFS prior written notice of any proposed changes or modifications in the reinsurance ~~agreement~~ agreements for ODJFS review and approval. Such notice shall be submitted to ODJFS thirty days prior to the intended effective date of any proposed change and must include the complete and exact text of the proposed change. MCPs must provide copies of new or modified reinsurance agreements to ODJFS within thirty days of execution.
- (8) In the event of termination of the reinsurance agreement due to insolvency of the MCP or the reinsurance carrier, the MCP will be fully responsible for all pending or unpaid claims.
- (9) Any reinsurance agreements which cover expenses to be paid for continued

benefits in the event of insolvency must include medicaid members as a covered class.

- (10) Reinsurance requirements for partial-risk arrangements may differ from those specified in this paragraph.

Effective: 07/01/2004

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CERTIFIED ELECTRONICALLY

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Certification

06/21/2004

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Date

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